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Many applicants for Supplemental Security Income (SSI) benefits need financial aid until they receive their first benefit payment which may be delayed for over a year until eligibility is established. This aid is often provided by State or local welfare agencies. The Interim Assistance Reimbursement (IAR) program was established to provide a means of reimbursing States or counties for such assistance. Findings/Conclusions: State agencies are not being fully reimbursed for the aid provided. Four California counties studied were reimbursed by the Social Security Administration in only 26% of cases intended for coverage under the IAR program. From January through April 1976, Social Security paid an estimated \$658,000 to SSI applicants that it should have sent to these counties. Duplicate payments are made and, on some occasions, clients continue to receive benefits from both the welfare agency and Social Security. Problems exist because of: inadequate instruction to Social Security district offices, lack of coordination between district offices and welfare agencies, and poor execution of procedures by agencies. Many of the difficulties experienced are because two agencies are responsible for making payments to individuals during the same period. If responsibility for providing interim assistance were placed with Social Security, it would reduce problems. Recommendations: The Secretary of Health, Education, and Welfare (HEW) should; (1) experiment with alternative methods for providing interim assistance to SSI applicants which will more fully reimburse welfare agencies; and (2) provide the Congress with a report comparing the present program design, with revisions, and the alternative methods. The Congress should grant authority to HEW to experiment with alternative methods which are less complex. (Author/HTW)

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

States Should Be Fully Reimbursed For Interim Assistance To Supplemental Security Income Recipients

Many applicants for Supplemental Security Income benefits need financial aid until they receive the first benefit payment. Under the Interim Assistance Reimbursement program, welfare agencies may recoup assistance provided to applicants during this period. However, the program is complex and difficult to administer. Cooperation and coordination are needed among Supplemental Security Income applicants, State and local welfare agencies, and the Social Security Administration. For example, Social Security reimbursed four California counties in only 26 percent of the cases intended for coverage under the program. Over a 4-month period this resulted in \$658,000 of lost reimbursement.

The lack of coordination has also resulted in duplicate welfare and Supplemental Security Income payments to recipients. GAO recommends that the Congress give HEW authority to experiment with alternative methods for achieving interim assistance reimbursement.



HRD-77-145
MAY 15, 1978



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

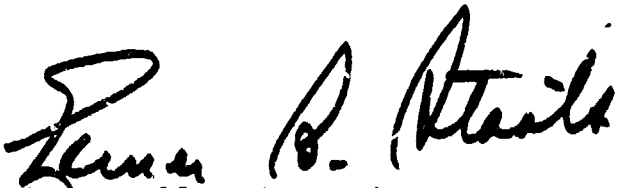
B-164031(4)

To the President of the Senate and the
Speaker of the House of Representatives

This report points out that the Interim Assistance Reimbursement program (42 U.S.C. 1383(g)) requires much co-operation and coordination between Supplemental Security Income applicants, State and local welfare agencies, and the Social Security Administration, and that it is very complex and difficult to administer. Furthermore, the States are not satisfied that they are being fully reimbursed in all cases for interim assistance. These findings are contrary to a report provided in May 1976 to the Congress by the Secretary of Health, Education, and Welfare. Our recommendations, if implemented, should make the program less difficult to operate and result in the State and local welfare agencies being more fully reimbursed.

We made our review after being alerted by State and local welfare officials, during reviews of other aspects of the Supplemental Security Income program, that the Interim Assistance Reimbursement program did not always work as planned. Our review was conducted under the authority of the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget and the Secretary of Health, Education, and Welfare.


Comptroller General
of the United States

D I G E S T

Many applicants for the federally administered Supplemental Security Income program need financial aid until they receive their first benefit payment. Initial payments are not possible until eligibility is established which, in some cases, takes over a year. During this time, aid is often provided by State or local welfare agencies.

The Interim Assistance Reimbursement program provides these agencies a means of reimbursement by the Social Security Administration. (See p. 1.) But State agencies are not satisfied because they are not being fully reimbursed. (See p. 15.)

GAO's study in four California counties showed that Social Security reimbursed them in only 26 percent of the cases intended for coverage under the Interim Assistance program. From January through April 1976, Social Security paid an estimated \$658,000 to Supplemental Security Income applicants that it should have sent to these counties. (See p. 9.)

Duplicate payments are made and on some occasions, clients continue to receive benefits from both the welfare agency and Social Security. (See p. 10.)

Reimbursement problems exist because of

- inadequate instruction to Social Security district offices,
- lack of coordination between district offices and welfare agencies, and
- poor execution of required procedures by both Social Security and welfare agencies. (See pp. 12 to 15.)

The Interim Assistance program, which is complex and difficult to administer, requires cooperation and coordination among the Supplemental Security Income applicant, welfare agency, and Social Security. The timeliness of coordinated activities is also critical.

Many of the difficulties experienced with the program are because two agencies--Social Security and the welfare agency--are responsible for making payments to individuals covering the same period. GAO believes an alternative method for providing interim assistance would be to place this responsibility with Social Security, thereby reducing or eliminating problems associated with lost reimbursement, dual benefits, and forwarding of excess reimbursement. (See p. 21.)

The Secretary of Health, Education, and Welfare (HEW) should

- experiment with alternative methods for providing interim assistance to Supplemental Security Income applicants which will more fully reimburse welfare agencies and
- provide the Congress with a report comparing the present program design, as revised by GAO's recommendations and the alternative methods. (See p. 25.)

GAO is making several recommendations to make the present program more effective. These recommendations will improve operations of the district offices and provide more information to welfare agencies. (See p. 26.)

Although GAO's recommendations should improve the effectiveness of the present program, they will not alter its complex design. Consequently, GAO also recommends that the Congress grant authority to HEW to experiment with alternative methods of providing interim assistance, such as the one GAO recommends, which are less complex. (See p. 26 .)

GAO is preparing legislative language which would grant HEW authority to experiment with alternative methods of providing interim assistance. This language will be furnished to the Senate Committee on Finance and House Committee on Ways and Means upon request.

In commenting on a draft of this report, HEW stated that it would take steps to carry out some of GAO's recommendations, but expressed disagreement with several portions of this report. (See ch. 7, app. I, and p. 13.)

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ABBREVIATIONS

GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
IAR	Interim Assistance Reimbursement
SSA	Social Security Administration
SSI	Supplemental Security Income

CHAPTER 1

INTRODUCTION

The Social Security Amendments of 1972 established the Supplemental Security Income (SSI) program (42 U.S.C. 1381). Effective January 1, 1974, the SSI program replaced State-administered programs providing aid to aged, blind, or disabled people with limited income. SSI is administered by the Social Security Administration (SSA) of the Department of Health, Education, and Welfare (HEW) and funded by the Federal Government, except for supplemental benefits paid by States. State supplementation is required if Federal payments are less than the payments previously administered by the State. Additional supplementation may be provided by States.

INTERIM ASSISTANCE REIMBURSEMENT PROGRAM

The Interim Assistance Reimbursement (IAR) program (42 U.S.C. 1383(g)) was established to provide States or counties a means of reimbursement by SSA for financial assistance provided to applicants of the SSI program, if such applicants were found eligible.

Many SSI applicants need financial aid during the period between application and receipt of their first SSI check. During this time, except for a one time cash advance not to exceed \$100, SSI payments are not immediately possible because eligibility is not yet established. In some cases, the time required to determine eligibility is considerable, especially for applicants claiming disability which can take over a year. Aid during this interim period is often provided by States or counties through their local welfare agencies.

If the applicant is eligible for SSI, the first check is for an amount which represents benefits retroactive to the date of application, including the period during which financial assistance was provided by the welfare agencies. Prior to the IAR program, these agencies had little success in obtaining reimbursement from SSI recipients for the financial assistance they provided during the retroactive period.

The Congress established in August 1974 the IAR program authorizing SSA to pay the applicant's first SSI check directly to the State or county which provided assistance during the interim period. States wanting to participate in the program must enter into an agreement with SSA. Although the agreement is with a State, the interim assistance may be

paid and administered by the State or county through its local welfare agencies.

States retain the prerogative to decide who is eligible for the IAR program and the amount of payment. In order to be reimbursed, State or local welfare agencies obtain an authorization from the applicant which permits SSA to send the applicant's first SSI check to the State in the event the applicant is determined eligible. The welfare agency forwards this authorization to SSA and begins interim assistance payments.

The State or local welfare agency receives the SSI payment and is required by law to forward to the applicant any balance which exceeds the amount of assistance it provided. By law (42 U.S.C. 1383(g)(4)(A)), such balances must be forwarded within 10 working days.

As of June 1976, 25 States and the District of Columbia had IAR agreements with SSA. Through May 1977, SSA had sent \$49.4 million 1/ to these States for 60,408 interim assistance cases.

IAR provisions were to expire on June 30, 1976. The Secretary of HEW was required to provide the Congress with an assessment of the program at least 60 days prior to this date. On May 6, 1976, the Secretary sent to the Congress a report prepared by SSA which stated that the agency had experienced some difficulty early in the program, but that now, reimbursement was simple and essentially automatic. On July 14, 1976, the Congress canceled the expiration date of the IAR program.

In our reviews of other aspects of the SSI program, State and local welfare officials said that the IAR program did not always work as planned. Therefore, we undertook this review to evaluate the effectiveness of the program.

1/SSA had insufficient data available for us to determine the portion of the \$49.4 million that was reimbursement, and the portion forwarded by the participating State or local welfare agency to recipients. This accounting deficiency was brought to SSA's attention in a July 18, 1977, letter from the Assistant Inspector General for Auditing, HEW (13-72322). SSA agreed a deficiency existed and stated that corrective action was being taken.

SCOPE OF REVIEW

Our review was conducted at SSA headquarters, five SSA district offices in California, and welfare offices of four California counties (Los Angeles, Orange, San Bernardino, and Riverside). We also obtained comments from officials of the remaining 24 States having IAR programs and the District of Columbia. In addition, we obtained information from officials of 24 randomly selected California SSA district offices regarding procedures for processing IAR cases.

At SSA headquarters, we obtained information on the procedures and operations of the program. In district offices, we reviewed procedures for processing IAR cases.

CHAPTER 2

INTERIM ASSISTANCE REIMBURSEMENT--

A COMPLEX PROGRAM

The IAR program requires extensive cooperation and coordination between the welfare agency, SSA, and the individual, who is both a client of the welfare agency and an applicant for SSI benefits. Procedures for implementing the IAR program require

- the welfare agency to obtain an authorization from the client and send it to SSA,
- SSA to process the authorization into its computer directing the applicant's first SSI check (if applicant is found eligible) to the welfare agency,
- SSA to send information to the welfare agency which it needs to calculate whether the first check is in excess of the amount of assistance provided, and then the welfare agency to deduct this amount from the check and forward the excess to its client within 10 days, and
- the welfare agency to terminate assistance payments to its client since SSI benefits have begun.

The timeliness of these steps is critical to program success from the view point of (1) the welfare agency receiving reimbursement, (2) the client being refunded excess reimbursement, and (3) the welfare agency terminating interim assistance when SSI payments begin.

This chapter presents only an overview of the process outlining where problems may occur. Many of the problem areas noted are discussed more fully, accompanied by supporting data, in the following sections of the report.

OBTAINING AUTHORIZATION FROM THE APPLICANT AND SENDING IT TO SSA

SSA must have authorization from the applicant before it can send his or her first SSI check to the welfare agency. Procedures require the welfare agency to obtain the authorization from the applicant and provide it to SSA.

Although the procedure for obtaining an authorization is relatively simple, many opportunities exist for errors that can result in the welfare agency losing reimbursement. These

opportunities exist in activities required of the client, the welfare agency, and the SSA district office. The following is an example of the procedure required to obtain and send an authorization to SSA for a typical case in Los Angeles County.

Case study in Los Angeles County

When an individual comes to the county for assistance and the county believes the individual may be eligible for SSI benefits, it refers the client to the local SSA district office to apply for SSI benefits. The county gives the client a referral document to hand carry to the district office, and instructs the client to return this document after applying for SSI.

The referral document first provides the county with evidence that the client has applied for SSI; and second, it provides the county with information needed to complete the authorization, such as the date of SSI application and the client's social security number. When the client returns with the referral document, the county completes the authorization. The county then sends the authorization, signed by the client, to the SSA district office.

Although this procedure appears to be relatively simple, breakdowns may occur in several areas which could result in the county not being reimbursed. For example,

- the client does not give SSA the referral document when applying for SSI,
- the SSA district office does not return the referral document to the client,
- the client keeps or losses the referral document and does not return it to the county,
- the county does not prepare an authorization when the client returns with the referral document, or
- the county fails to mail the completed authorization to SSA.

SSA'S PROCESSING OF THE AUTHORIZATION

When the district office receives an authorization, it should initiate input into SSA's computer system through a terminal at the district office. However, the authorization will not be accepted by the computer until the district office has established a record of the client's SSI application in the computer system. This may have been done previously or

may be done simultaneously with the input of the authorization, but not afterwards. Therefore, in addition to problems associated with assuring that the authorization is input into the computer, is the problem of timing the input so that it is entered after or simultaneously with the SSI application, but before the check is issued.

Several days may elapse before the SSA district office records an SSI application in the computer. The district office must verify certain information provided by the client in his or her application, such as income and resources, before this information and the application is recorded in the system. If the district office employee responsible for the application is sick, on vacation, or has a backlog of work, the processing time may be lengthened. During this period, the authorization form may be lost, misplaced, or processed by the district office and returned to the welfare agency because the computer has no record of the SSI application. Similarly, delays in processing the IAR authorization can result in the authorization reaching the computer after the check has been issued to the individual.

If an applicant is denied SSI benefits, he or she may reapply by submitting a new application at any time. A new authorization must be obtained from the applicant before SSA can send the first check to the county in the event eligibility is found under the new application. As with the original application and authorization, timely association of the authorization with the application is critical. However, associating the new authorization with the new application for benefits is also a problem. When processing the new authorization, the district office must wait until the new application has been recorded. If the district office associates the new authorization with the old application, the welfare agency will not be reimbursed in the event the new application is approved. This is because no authorization will be associated with the application which is finally approved. (See pp. 12 to 15.)

REIMBURSEMENT IN EXCESS OF ASSISTANCE
PROVIDED MUST BE RETURNED TO THE CLIENT

If the welfare agency and SSA have properly processed the IAR authorization, the Department of the Treasury will issue the first SSI check to the welfare agency. This agency then has 10 working days to (1) deduct from this payment an amount equal to the assistance provided the client during the retroactive period covered by the check and (2) forward any excess to the client. In order to accomplish this within the 10-day limitation, the welfare agency must know at the

time the check is received, or shortly thereafter, the period covered by the check in order to start its processing. Such information, however, is shown only on the notice of award for benefits which is sent to the applicant and the welfare agency.

If SSA does not send the award notice in a timely manner, the welfare agency must resort to the date on the IAR authorization obtained from the client. This date may not coincide with that of the client's application for SSI benefits. As a result, an incorrect amount may be forwarded to the client. If the welfare agency waits for the award notice to avoid forwarding the incorrect amount, it may violate the 10-day limitation.

The procedure followed by SSA in generating and mailing award notices is complex and involves (1) four computer-processing steps, (2) the production of three computer tapes, and (3) still further noncomputer processes before being mailed. Even if this procedure works properly, the welfare agency will probably get the notice several days after the check. Any delay in the procedure means the welfare agency will have to resort to its own records, thus incurring the possibility of forwarding to the applicant an incorrect amount or not meeting the 10-day limitation. (See ch. 4.)

TERMINATING INTERIM ASSISTANCE WHEN SSI IS APPROVED

For many welfare agencies, receiving a retroactive check serves as a notice to discontinue interim assistance payments, since it signifies that the client is receiving SSI benefits. The many timing and coordination problems outlined above can result in the welfare agency not receiving the retroactive check. If the welfare agency does not receive the retroactive check, it must learn of the person's eligibility through other means, such as periodic interviews with clients or reviews of listings on SSI recipients. Welfare offices frequently receive these listings a month or more after the client receives SSI because SSA provides the States with data on SSI payments made, and then the States prepare listings for the local welfare agencies.

Dual payments may continue for several months until the welfare agency learns that the individual is receiving SSI benefits. As mentioned on page 1, prior to the IAR program, welfare agencies had little success in obtaining reimbursement from SSI recipients for assistance they provided during the retroactive period. This experience continues under the IAR program when welfare agencies attempt to obtain reimbursement for duplicate payments. (See p. 10.)

CHAPTER 3

CHANGES NEEDED TO IMPROVE

REIMBURSEMENT FOR INTERIM ASSISTANCE

Our study in four California counties showed that SSA reimbursed the counties in only 26 percent of the cases intended for coverage under the IAR program. From January through April 1976, SSA paid an estimated \$658,000 to SSI applicants that it should have sent to the counties. The counties will probably not be able to collect most of this money from the recipients, since prior attempts to make such collections have not been very successful. Also, in several instances, clients continued to receive interim assistance payments from these counties after they began receiving SSI benefits. This occurred because SSA did not inform the counties in a timely manner that clients had begun to receive SSI payments. Officials of most of the other States participating in the IAR program told us of similar problems.

SSA did not make reimbursements in some of the cases we reviewed for one or more of the following reasons:

- SSA did not adequately instruct its district offices concerning the processing of certain types of cases.
- Coordination between the SSA district offices and welfare agencies was poor or lacking.
- The district office and/or welfare agency did not execute prescribed procedures.

In many instances, we were unable to determine why the counties were not reimbursed. Authorizations had been prepared and forwarded in a timely manner from the counties. We could not determine, however, whether the district office received the authorizations, or if received, what became of them in the district offices. At the time of our review, SSA district offices and State welfare agencies did not know whether an authorization had been received and input until the welfare agency was reimbursed. This illustrates the inadequate system SSA district offices have for controlling IAR cases.

WELFARE AGENCIES ARE NOT USUALLY REIMBURSED

Reports of the four California counties for January through April 1976 showed that SSA frequently did not reimburse the counties for IAR cases. During this period, the counties identified 1,155 interim assistance clients who had been found eligible for SSI. However, the counties received only 303 reimbursement checks. In the remaining 852 cases, the retroactive check had apparently been sent to the recipient rather than the county. The counties identified cases approved for SSI through their contact with clients and review of State data exchange information (a listing which includes data on payments to SSI clients provided to States by SSA). If the counties were successful in identifying all interim assistance clients who were eventually found eligible for SSI, they received reimbursement for only 26 percent of the IAR cases. To the extent cases were not identified, the percentage would be even lower.

The following chart shows the percentage of reimbursement for interim assistance cases received by the four California counties.

Interim Assistance Reimbursement Percentages

<u>County</u>	<u>Number of SSI checks received by</u>			<u>County reimburse- ment percentage</u>
	<u>Recipient</u>	<u>County</u>	<u>Total</u>	
Los Angeles	754	207	961	a/22
Orange	68	48	116	41
San Bernardino	6	8	14	57
Riverside	<u>24</u>	<u>40</u>	<u>64</u>	63
Total	<u>852</u>	<u>303</u>	<u>1,155</u>	26

a/Los Angeles County was the only county that made considerable use of State data exchange information to identify cases where reimbursement was lost. This may account for its lower reimbursement percentage shown in this schedule.

The county reports did not include information on the amount of reimbursement lost during this 4-month period. However, we estimate it was about \$658,000. This estimate assumes the average value of lost reimbursement was equal to the average value of reimbursement received.

Estimate of Reimbursement Lost

<u>County</u>	<u>Number of checks sent to recipients</u>	<u>Average reim- bursement for checks received (note a)</u>	<u>Estimated reim- bursement lost</u>
Los Angeles	754	\$810	\$610,740
Orange	68	545	37,060
San Bernardino	6	304	1,824
Riverside	24	333	<u>7,992</u>
Total			<u>\$657,616</u>

a/The basic Federal supplementation level at the time of our review was \$167.80 per month. This amount may be increased by supplemental benefits paid by some States. The amounts shown here as average reimbursement cover several months as the SSI recipient's first check is retroactive from the date of eligibility determination to the date of application.

SSA cannot reimburse counties after it has sent the first SSI check to the client. In cases where the first SSI check is not sent to the welfare agency, any reimbursement the county obtains is from the client; but collections from the client have been minimal as was the case prior to the IAR program. For example, during the last half of 1976, Los Angeles County obtained reimbursement from the client in only about 8 percent of the cases where the first SSI check had gone to the client.

DUPLICATE WELFARE AND SSI PAYMENTS

Duplicate payments result when SSA sends the first SSI check to the client rather than the welfare agency. SSI benefits duplicate the assistance provided by the welfare agency to the client while his or her application was being processed. Duplicate payments can also occur because many welfare agencies use receipt of the first SSI payment as a notice to terminate interim assistance welfare payments. Consequently, when the first SSI check is sent to the client, the welfare agency continues paying until it learns of the client's SSI eligibility through other means.

Los Angeles County matched its welfare rolls with SSI rolls in April 1975 because of this problem. The county identified 542 clients who received SSI and welfare payments during that month. In July 1976, the county made another match and identified 234 additional cases. Further

study by the county showed that it had not received the client's first SSI check for 214 of the 234 cases. For the remaining 20 cases, the county had received the first check but had failed to terminate interim assistance.

Los Angeles County's analysis of the July 1976 match of SSI and welfare rolls concluded that the county had apparently failed to forward the IAR authorization from the client to SSA for 55 of the 214 cases (26 percent), and for the remaining 159 cases (74 percent), the county had forwarded authorizations to SSA, but SSA failed to send the county the SSI applicant's first check.

The county's study was limited primarily to its own records. We studied 62 of the 214 cases using records available at SSA as well as at the county. We identified the following reasons for nonreimbursement from these records.

<u>Reasons why county was not reimbursed</u>	<u>Number of cases</u>	<u>Percent</u>
Could not be determined from available records	22	36
County failed to send authorization to SSA	17	27
District office not advised of system changes to effect authorizations input for denied cases	11	18
Lack of coordination between SSA and the county in IAR case processing procedures	7	11
Other reasons	<u>5</u>	<u>8</u>
Total	<u>62</u>	<u>100</u>

Our analysis of these cases showed that reimbursement requires cooperation between the client, the welfare agency, and the SSA district office. Processing activities of the two agencies must be complete, timely, and coordinated if reimbursement is to be made. In this complex environment, the present system for controlling IAR cases provides SSA district offices and welfare agencies with little means to effectively monitor the program. More discussion on each of the reasons for nonreimbursement identified in our analysis follows.

Could not be determined from available records

The county had obtained an IAR authorization from the client for 22 cases, but we were unable to determine why the county was not reimbursed. The county had a copy of the authorization on file. It was prepared in time to effect reimbursement. For many cases, transmittal sheets were still available, indicating that the county had sent the authorization to SSA. However, we were unable to determine at SSA district offices whether the authorization was received, and if it was received, at what point in SSA processing it became lost or was rejected by the system. Our experience illustrates the difficulty of studying IAR problems with the visibility allowed by the current system.

SSA does not provide welfare agencies with information on authorizations it has in its computer. Under the current system, the welfare agency learns that an authorization has not been effectively processed if it discovers that the first SSI check went to the client. By then, several months may have passed, and it is more difficult to determine what went wrong from information available at this later date.

The SSA district offices we visited had not established adequate controls over the receipt and input of authorizations into the system. Such controls are needed to adequately monitor the processing of authorizations through district offices. SSA has not provided district offices with instructions on this subject.

SSA district offices have immediate access to some information on SSI applicants through computer displays. At the time of our review, however, district offices did not have immediate access to IAR data on pending SSI cases. With such access, controls could be readily established for determining whether an authorization had been processed.

Providing lists of properly processed cases to welfare agencies would also assist them in their control over IAR cases. In addition, the availability of such information would (1) facilitate a coordinated effort by SSA and welfare agencies to identify problem areas and (2) direct first SSI checks to the agencies that have assisted SSI applicants.

County failed to send authorization to SSA

In 17 cases, the county had apparently failed to send an authorization to SSA. Without such an authorization, SSA cannot provide reimbursement. However, in those cases where

SSA learns that a welfare agency client is applying for SSI without informing the welfare agency, SSA should advise the welfare agency that the client has filed an SSI application. SSA should learn that the applicant (1) is receiving assistance from the welfare agency and (2) has not informed the agency of the SSI application through questions asked when taking the application. In 7 of the 17 cases, the client had apparently applied for SSI without advising the county.

In those cases where the applicant is receiving welfare payments, SSA procedures require district offices to withhold computer input of SSI applications for 10 working days, pending receipt of the authorization from the welfare agency. The procedures, however, do not tell the district office to advise the welfare agency that its client has applied for SSI. Only two of the five offices we visited told welfare agencies about their clients' applications for SSI.

In commenting on this report, HEW stated that not all assistance payments are reimbursable, and that SSA should not adopt a notification procedure for welfare agencies which would lengthen claims processing in all cases involving some type of assistance.

In those cases in which SSA learns (1) that an applicant is receiving general welfare payments and (2) the applicant has not informed the welfare agency of his or her SSI application, SSA should notify the welfare agency that its client has applied for SSI benefits and ask if an authorization will be sent. This will alert the welfare agency to contact its client and obtain the authorization, or to tell the district office that the authorization will not be sent. In either case, processing time could be hastened, not lengthened, by the completion of the action within the allowable 10 days, or if no authorization is to be sent, by allowing SSA to send the claim forward and disregard the 10-day period. Because SSA's procedures do not require the welfare agency to be notified, but simply provide for the district office to wait the 10 days, we believe SSA should revise its procedures to allow for notification of the welfare agency and thereby give it the opportunity to act.

District offices not advised of system changes to effect authorizations input for denied cases

The county lost reimbursement in 11 cases where the client had been denied SSI benefits, subsequently appealed the decision, and was found eligible. Originally, SSA's computer rejected district office input of authorizations

for cases where SSI assistance had already been denied. In those cases where a client won an appeal of the denial decision, the welfare agency was not reimbursed because no authorization was recorded in the computer system.

SSA, aware of this problem, modified the computer program in September 1975 to accept authorization input on denied cases. However, SSA did not advise district offices of this change. SSA officials stated that existing procedures required computer input for each properly completed authorization; therefore, they had believed no additional instructions to district offices were necessary.

We visited five SSA district offices in mid-1976 and spoke with officials of an additional 24 randomly selected offices within California. Of the 29 district offices contacted, 23 officials said they did not make computer input on denied cases because they believed such input would be rejected. In such cases, the district offices returned the authorization to the county informing them that the SSI application had been denied. These offices were not aware of the increased systems capability to accept input on denied cases.

In 4 of the 11 cases cited above, the county had forwarded authorizations to SSA prior to September 1975. District office input at this time would have been rejected by SSA's computer system. However, the county sent 7 of the 11 authorizations after September 1975. Apparently the district offices did not enter the required information into the computer because they were not aware of the system's increased capability.

In July 1976, we advised SSA region IX officials that district offices were not making input on denied cases. In September 1976, the region issued instructions to its district offices stating that it was important to initiate computer input on authorizations for denied cases.

Lack of coordination between SSA
and the county in IAR case
processing procedures

In seven of the study cases, the county did not receive reimbursement due to a lack of coordination between SSA and the county in IAR case processing procedures. The following coordination problems were identified as a result of our analyses of these cases.

First, SSA's processing procedures for IAR cases require district offices to contact welfare agency clients if they receive an authorization for a client that has not yet applied for SSI. The district offices may, however, act on the county authorization without contacting the client and obtaining an application. This will result in the district office returning the authorization to the county indicating it had no record of the client's application. We found instances where the client's application was being processed at the same time as the authorization was received. Instead of linking the authorization with the application, the district office returned the authorization to the county. If the district office had contacted the client, according to its procedures, it would have learned that the client's application was being processed.

Second, if a client reapplies for SSI after being denied, the county needs to send SSA a new authorization. If the county does not, the first SSI check will be sent to the client rather than the county in the event the applicant is determined eligible. SSA procedures do not require district offices to advise welfare agencies when its client reapplies.

Third, if a client does reapply and the county does send SSA a new authorization, SSA may process the new authorization against the old application. This will result in SSA returning the authorization to the county advising that the reapplication has been denied. The county will not receive reimbursement in the event the applicant is determined eligible.

Other problem areas

Other cases we identified involved one where the county did not process the authorization in a timely manner, one that SSA did not process promptly, and three where the clients had already received SSI benefits and apparently provided inaccurate information to the county.

STATE COMMENTS ON REIMBURSEMENT

The law (42 U.S.C. 1383(g)) establishing the IAR program required the Secretary of HEW to provide the Congress with a program assessment by May 1, 1976. This assessment was prepared by SSA. It indicated that SSA had experienced some difficulty early in the program, but that now the program was operating effectively to reimburse State and local agencies for assistance they have provided. The report further stated that the IAR program had made reimbursement

"simple and essentially automatic" and that most participating States and counties were satisfied with the program. SSA officials stated that its assessment was based primarily on comments obtained from regional SSA officials responsible for maintaining liaison with State agencies on matters relating to interim assistance.

Our review in the four California counties showed that IAR requires a series of procedures to be executed in a timely manner by personnel of both the local welfare agency and the SSA district office. Errors by SSA, as well as the welfare agency, had resulted in significant loss of reimbursement.

Comments we obtained from States participating in the program showed that the reimbursement problem was not confined to California. Although many of the officials believed the IAR program had helped the State to recoup monies which they would not have otherwise received, most officials, and particularly those of States with larger SSI populations, believed that SSA was not providing reimbursement on a significant number of cases.

The following chart summarizes participating States' satisfaction with the effectiveness of the IAR program, according to SSI population.

<u>State Comments</u>				
<u>SSI population in State</u>	<u>Not fully reimbursed</u>	<u>Satisfied with reimbursement</u>	<u>No comment</u>	<u>Total</u>
More than 50,000	10	2	0	12
Less than 50,000	<u>6</u>	<u>6</u>	<u>2</u>	<u>14</u>
Total States	<u>16</u>	<u>8</u>	<u>2</u>	<u>26</u>

The following comments (obtained August through November 1976) by State officials illustrate the concern of States participating in the IAR program:

"* * * far too many individuals received the initial SSI check rather than the State. This problem has not yet been overcome."

"In many cases the initial SSI checks have been sent directly to the recipients, resulting in large losses to the State."

"There continues to be a problem of SSI checks being mailed directly to the clients for no apparent reason."

"Numbers of retroactive checks have been sent to the clients directly in spite of claims against this money by our agency."

One official was also concerned about continuing interim assistance payments after the client is receiving SSI benefits. The same problem was noted in Los Angeles County. (See pp. 7 and 10.)

As previously discussed, IAR checks are issued only if the local agency and SSA have established an IAR authorization record in SSA's computer system. Data provided by four States and the District of Columbia, covering April through June 1976, showed that an authorization record had not been established in SSA's computer for most of the cases that these States believed they had processed during this time period.

<u>State</u>	<u>Number of IAR cases</u>		
	<u>Processed by State</u>	<u>Recorded in SSA's computer</u>	<u>Percent recorded</u>
California	5,497	2,394	44
Connecticut	764	232	30
District of Columbia	456	85	19
Georgia	1,772	356	20
Minnesota	<u>776</u>	<u>188</u>	24
Total	<u>9,265</u>	<u>3,255</u>	35

Other States were unable to provide the appropriate data needed to make this comparison.

CHAPTER 4

EFFECTIVE FORWARDING OF INTERIM ASSISTANCE

REIMBURSEMENT DUE CLIENTS REQUIRES TIMELY AWARD NOTICES

The IAR program requires that States or counties forward the excess of the first SSI check over the interim assistance provided to the client within 10 working days (42 U.S.C. 1383 (g)(4)(A)). Our study shows that in some cases, welfare agencies have difficulty in meeting this requirement because they have problems in obtaining timely award notices from SSA. These notices include information on the clients' SSI eligibility dates needed to compute balances due interim assistance clients.

SSA has identified the problems associated with sending timely award notices. However, no action has been taken to change or expedite the notice generation process. While welfare agencies can generally meet the 10 day processing limitation notwithstanding late receipt of notices, improvements are needed by SSA to assure timely forwarding of notices to welfare agencies.

CLIENTS' MONEY NOT ALWAYS SENT IN THE FULL AMOUNT OR IN A TIMELY MANNER

We reviewed disbursements for all IAR checks sent to Los Angeles County during March and April 1976 to determine whether the county had correctly computed the balance due the client and forwarded the money to the client within 10 days. During this period, Los Angeles County received 112 reimbursement checks totaling \$146,000 (\$58,000 represented reimbursements to the county and \$88,000 represented balances due the clients).

For 94 of the 112 cases (84 percent), the county computed and sent the correct amounts to the client within the 10-day period. In 10 of the remaining 18 cases (9 percent), the county sent less (a total of \$3,031) than the amount due the client. In 7 of the remaining 8 cases (6 percent), the county initially sent the client less than it should have, discovered its error, and sent the correct balance due the client. The second payment, however, totaling \$2,638 for these cases was not made within the 10-day limit. In the remaining case, the county, because of confusion created by having two clients with the same name, took 30 working days to send the client her money.

SSA NOT SENDING TIMELY INFORMATION NEEDED
TO MAKE REIMBURSEMENT COMPUTATIONS

Underpayments to clients were primarily the result of problems the county had in obtaining award notices from SSA. The award notice shows the period covered by the check, and the agency uses it to compute money due the client.

In 2 of the 10 cases where the county had not sent sufficient money to clients, it had no record of receiving an award notice. In the absence of an award notice, the county used the date of SSI application on the authorization obtained from the client to determine the period covered by the first check. In these cases, the application date provided by the client differed from the date of SSI eligibility. Sometimes these differences occur when the client applies for SSI on more than one occasion.

The county received an award notice in 7 of the 10 cases after it had used its own records to incorrectly compute the balance due the client, as was done in the above 2 cases. In the remaining case, the county had made an arithmetic error in computing the balance due the client.

We did not examine reimbursement receipts and disbursements for the other three counties in our review. Officials of these counties stated, however, that they had difficulty in obtaining award notices from SSA. Also, many officials from States participating in the IAR program expressed their concern about their ability to apportion the retroactive SSI check within the 10-day limit due to delays in receiving award notices from SSA.

To adequately assist counties to comply with the 10-day limitation, SSA should send the award notice concurrently with the first SSI check. We selected 18 SSI computer payment tapes made during January 1977 and analyzed the number of days it took SSA to process, print, and mail the award notices for these initial payments. We then compared this time with the time it took SSA to prepare the payment tape and transmit it to Treasury, and for Treasury to prepare and mail the checks.

On the average, SSA took 6 days to process the notices from the date of cutoff of district office transmissions for a particular tape to the date the notices were mailed. It took only an average of 3 days, however, for SSA to process the checks from the date of cutoff of district office transmissions for a particular tape to the date the checks were mailed by Treasury.

Thus, the initial checks were mailed, on the average, 3 days before the award notices were mailed. While we did not identify specific IAR cases appearing on the runs sampled, the procedure for mailing IAR payments would be identical to that used for initial payments; the only difference is the address to which the payment is to be sent.

As a result of this procedure, State and local welfare agencies usually receive the award notice after the check has been received. Thus, these agencies usually are not afforded the full 10-day period to determine the money which represents reimbursement and the amount which should be forwarded to the interim assistance client. Consequently, in some cases, either the 10-day limitation is not met or an incorrect amount is forwarded to the client.

The Secretary's May 1976 report to the Congress on the IAR program identified, among other notice problems, that welfare agencies were not receiving notices timely and that these agencies were not able to consistently meet the 10-day processing limitation. The report also stated that checks may be issued in 2 or 3 days while notices may be generated in 4 or 5 days. The report indicates that SSA's processing times have recently improved.

Our study of check and notice processing times shows little change from that reported in the Secretary's report. Also, our study supports, as pointed out in the report, that average processing times by welfare agencies are under 10 days. However, our analysis of the Los Angeles County disbursements made during March and April 1976 and discussions with officials of other States participating in the IAR program, show that the timeliness with which welfare agencies receive award notices remains a problem. Furthermore, while other notice problems are being addressed, as indicated in the IAR report as part of a total review of SSA's notice generation system, timely receipt of notices by welfare agencies is not.

Although SSA has not changed its process for transmitting award notices, it has improved. Subsequent to our examination of reimbursement receipts, Los Angeles County officials stated that although further improvement was needed, SSA was promptly sending more award notices. Officials of the other three counties visited made similar comments.

CHAPTER 5

ALTERNATE METHODS OF ASSISTING SSI

APPLICANTS SHOULD BE CONSIDERED

The IAR program requires extensive cooperation and coordination among the welfare agency, SSA, and the client. In addition, the procedures for implementing the IAR program are complex, and timely performance is critical to the welfare agency receiving reimbursement, the client being re-funded excess reimbursement, and the welfare agency terminating interim assistance when SSI payments begin.

Because of the complex program design, much effort will be required of SSA and State and local welfare agencies to achieve timely welfare agency reimbursement and, unless the program design is simplified, errors will continue.

PROGRAM COMPLEXITY REDUCED IF SSA MAKES PAYMENTS

Many of the complexities of the IAR program result from a design which makes SSA and the welfare agency responsible for making payments to SSI applicants covering the same period. These complexities could be reduced or eliminated if SSA made interim assistance payments to clients, and the welfare agency reimbursed SSA for those cases where SSI is denied. Placing the responsibility for making interim assistance payments with SSA should reduce problems associated with lost reimbursement, dual benefits, and forwarding of the client's share of the reimbursement check.

Under this system, SSA would be responsible for paying interim assistance to clients. The State or local welfare agency would still decide who is eligible and the rates for such payments. This concept would leave intact the basic funding responsibilities of the current SSI law. SSI funds would be used only for people eligible for SSI. SSA would be reimbursed by State and local welfare agencies for payments to SSI applicants who failed to qualify for SSI.

The new system would work as follows. SSA would make, at the direction of and in the amount specified by the State or local welfare agency, interim assistance payments to the client. If the client's SSI application is approved, SSA would discontinue paying interim assistance and initiate regular SSI payments. In calculating the client's first SSI check, SSA would automatically deduct the amount of interim

assistance provided to the applicant. No reimbursement of the State or county would be required. If SSI is denied, SSA would stop interim assistance payments and collect the monies paid the SSI applicant from the State or local welfare agency. SSA would have to enter into agreements with the State to obtain this reimbursement.

Using this method, SSA's expenditures for SSI and interim assistance would initially exceed those currently being made for SSI. Net expenditures would tend to balance out, however, after SSA began receiving reimbursement from State and local welfare agencies. Expenditures by State and local welfare agencies would be reduced because they would no longer make unreimbursed interim assistance payments.

Under the new system, the welfare agencies' interim assistance clients would receive the same payment as they are currently entitled. These clients, however, would not receive duplicate benefits as frequently happens under the existing system.

NEED FOR EMERGENCY PAYMENT ABILITY WITH ALTERNATE METHOD

Under the alternate method, SSA district offices would also need to occasionally disburse payments for the immediate needs of clients who cannot wait for payments through the regular check reimbursement system. These payments could be made from imprest funds at the district office, and be offset through an equivalent reduction in the client's first regular interim assistance payment. Presently, local welfare agencies can provide for these needs by using State or local funds to make a cash payment or writing a check while the client waits.

SSA can provide immediate emergency assistance in the form of advance cash payments up to \$100 to any SSI applicant who is determined to be presumptively eligible for SSI. However, the Department of the Treasury issues and mails all other SSI payments. An SSI recipient waits about 10 days from the time that the SSA district office initiates the computer input until he receives the check. Such delay would not be responsive to the immediate needs of some interim assistance clients.

CONGRESSIONAL AUTHORITY NEEDED TO EXPERIMENT WITH ALTERNATE METHODS

We believe some experimentation with alternate methods for achieving reimbursement, which are simpler in design, should be conducted by the Secretary of HEW. A more simply

designed program would alleviate excessive efforts used in the present program to achieve reimbursement and provide fewer opportunities for errors. We believe our suggested alternative to be simpler in design than the present program. There may, however, be others. Such experimentation should result in a report comparing operations of the present system, as revised by our recommendations; alternative methods which would help to decide which of the methods is best considering program and operational costs, and the impact on the individual, SSA, and the welfare agency; and an analysis of which method most fully reimburses the welfare agencies.

Presently, HEW has no authority to make payments to SSI applicants who have not been determined eligible, except on a limited basis where there is a presumption of eligibility, disability, or blindness (42 U.S.C. 1383(a)(4)(A) and (B)). Consequently, the SSI program law would have to be changed so that the Secretary would have the necessary authority to experiment with our alternative. Such authority should enable the Secretary to make payments for interim assistance through the regular check disbursement system and limited payments through the district offices in emergency cases. The grant of authority should also require the Secretary to report to the Congress the results of the experiment.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

State welfare agencies believe they are not being fully reimbursed for assistance provided under the IAR program. Frequently, IAR clients receive duplicate benefits when the first SSI check is sent to them rather than the welfare agency, and on occasion, when they continue to receive benefits from both the welfare agency and SSA.

Reimbursement problems exist partly because of (1) inadequate instruction to SSA district offices, (2) lack of coordination between district offices and welfare agencies, and (3) poor execution of required procedures by both SSA and welfare agencies. However, a more complete identification of problem areas and better management controls are needed before adequate reimbursement can be expected.

To identify problem areas and implement management controls will require changes in information available to SSA district offices and welfare agencies. Currently, SSA does not provide welfare agencies with feedback on IAR authorizations that have been accepted by SSA's central computer system. These agencies need this information to identify those authorizations which have not been properly processed. At the time of our study, SSA district offices could not determine by using computer terminals if an authorization had been accepted by the computer. Knowing what has been accepted by the computer is the first step in identifying reasons for authorizations being lost or rejected by the system and is necessary for program control.

The IAR program requires cooperation and coordination between the SSI applicant, welfare agency, and SSA. The timeliness of coordinated activities is also critical. Considerable effort will be required of SSA and State and local welfare agencies to make the current program effective. Implementation of our recommendations should reduce program problems, but will not alter the complex nature of the present IAR program. Many of the difficulties experienced with the IAR program are the product of having SSA and the welfare agency responsible for making payments to individuals covering the same period. If SSA had this responsibility, problems associated with lost reimbursement, dual benefits, and forwarding of excess reimbursement would be reduced or eliminated.

The Secretary of HEW should experiment with alternate methods for providing interim assistance to SSI applicants. Such experimentation should be done with our suggested alternate method and others at the Secretary's own choosing, which are simpler in design than the present IAR program.

The Secretary should provide the Congress with a report comparing the present program design, as revised by our recommendations; alternative methods considering program and operational costs, and impact on the individual, SSA, and the welfare agency; and the method which most fully reimburses the welfare agencies.

The Congress will have to grant additional authority to the Secretary to make payments to SSI applicants who have not yet been determined eligible, since the Secretary's authority is limited under present SSI program law. Such authority should enable the Secretary to make payments for interim assistance through the regular check disbursement system and limited payments through the district offices in emergency cases. The grant of authority should also require the Secretary to report to the Congress the results of the experimentation.

RECOMMENDATIONS TO THE SECRETARY OF HEW

We recommend that the Secretary of HEW direct the Commissioner of Social Security to

- instruct district offices on the importance of inputting all authorizations for which payments have not yet been made and advise offices of increased computer capability for accepting input on IAR cases;
- establish processing controls in the district offices which will enable them to determine whether authorizations have been received, and if received, input into the system;
- provide data to local welfare agencies on the authorizations accepted by SSA's central computer so that the local agency can determine whether all authorizations have been recorded;
- direct district offices to use increased visibility provided under these recommendations to identify reasons why authorizations are not input into the system, and to coordinate with local welfare agencies to assure that appropriate corrective action is taken; and

--revise award notice processing to assure that on IAR cases, the local welfare agencies receive the notice concurrently with the first SSI check.

We are also recommending that the Congress grant authority to the Secretary of HEW to experiment with alternate methods of providing interim assistance to SSI applicants which will more fully reimburse welfare agencies.

One experimental method, as outlined in this report, includes (1) making interim assistance payments directly to SSI applicants not yet determined eligible through the regular SSI check disbursement system, (2) making advance payments through the district offices in emergency cases, and (3) collecting reimbursement from welfare agencies in those cases where the applicants' eligibility for SSI benefits is denied. This method would require the Secretary to enter into agreements with States to obtain reimbursement. The Secretary should report the results of this experiment and recommend which method is best to the Congress.

RECOMMENDATIONS TO THE CONGRESS

We recommend that the Congress

- give the Secretary of HEW authority to experiment with alternate methods, such as outlined in this report, of providing interim assistance to SSI applicants, and where necessary, to enter into agreements with States to obtain reimbursement for benefits paid to applicants who were not eligible and
- require the Secretary of HEW to report the results of this experiment and to recommend which method is best to the Congress.

We are preparing legislative language which would grant HEW authority to experiment with alternative methods of providing interim assistance. This language will be furnished to the Senate Committee on Finance and House Committee on Ways and Means upon request.

CHAPTER 7

AGENCY COMMENTS AND OUR EVALUATION

In a January 11, 1978, letter (see app. I), HEW stated that it would take steps to implement some of our recommendations, but expressed disagreement with several portions of our report.

HEW concurred with our first recommendation that SSA district offices should be instructed on the importance of inputting all authorizations for which payments have not yet been made and advised of increased computer capability for accepting input on IAR cases. HEW commented that SSA will revise its instructions to district offices and will underscore the importance of (1) earliest possible association of authorizations with applications, (2) earliest possible transmission of IAR data to the central system, and (3) central recordation of IAR data in denied cases.

Regarding our second recommendation that controls should be established in district offices which would enable them to determine whether authorizations have been received and accepted in the system, HEW commented that SSA regional offices will be instructed to strengthen district office training and management controls, and that SSA will examine the feasibility of requiring input of all authorizations so that they may be accounted for centrally.

We believe HEW's actions should address the establishment of controls for assuring that all IAR authorizations are properly processed in a timely manner by district offices. (See p. 12.) The district offices we reviewed did not have adequate controls because they did not maintain records of (1) authorizations received, (2) authorizations returned and reasons therefore, and (3) computer input of authorizations. If these records were maintained, controls could be established to assure that authorizations received were acted on quickly and properly so that the States receive reimbursement. For example, each day a supervisor could review a list of authorizations received the day before and determine if and when they had been (1) entered or (2) returned and why.

We had made a recommendation that SSA's computer system's capabilities should be increased so that district offices may make on-line queries to determine whether authorizations have been recorded. HEW commented, regarding this recommendation, that district offices will be reminded of the addition of IAR data to the on-line data base.

We were not aware at the time of sending a draft of this report to HEW for comment that this recommendation had already been implemented. Consequently, we undertook to determine why we were not aware of the addition of IAR data to the on-line data base.

On November 30, 1977, we contacted the five district offices we reviewed. They too were unaware of this capability, and the district office computer systems handbook did not show that immediate access to IAR data was available. Further investigation revealed that the handbook was updated on May 5, 1977, to show the availability of the IAR data query. However, on June 13, 1977, the handbook was further revised and the information on the availability of the IAR query was inadvertently omitted. On November 15, 1977 (our report was sent to HEW on September 1, 1977, for comment), the handbook was revised again to reestablish the IAR query.

The implementation of this system change reminds us particularly of the problems surrounding the September 1975 modification of the system's capability to accept input of authorizations on denied cases. (See p.13.) While these are the only two implementations of system changes we have reviewed, both have resulted in nearly identical problems, namely, unsuccessful communication of system changes to district offices. These problems suggest that SSA may need to review its mechanisms for implementing these changes and establish a means of verifying whether district offices are aware of them.

Regarding our fourth recommendation that welfare agencies should be provided data on the authorizations accepted by SSA's central computer so that local agencies can determine whether all authorizations have been recorded, HEW commented that SSA is studying new or improved procedures for notifying welfare agencies of the status of authorizations via regional or district offices.

Since this comment mentions sending the IAR input data to the welfare agencies through regional or district offices, we were doubtful that HEW fully appreciated the need for rapid information to welfare agencies. Consequently, we went back to SSA to discuss this comment, and SSA revealed that it was implementing our recommendation. In February 1978, SSA was in the process of finalizing plans to implement the issuance of a notice to welfare agencies that would show the status of IAR data. This notice would result from the first processing of the IAR data after input by the district office. The notice would be sent directly to the local

welfare agency and would notify it that the authorization had been input, was accepted, and direct the initial check to the agency, provided it contains a retroactive amount.

Regarding our fifth recommendation that the district offices should use the increased visibility provided under these recommendations to identify reasons why authorizations are not input into the system, and coordinate with welfare agencies to assure that corrective action is taken, HEW only commented that district office training and management controls will be strengthened, and that it will look into establishing a central accounting system for all authorizations. (This is the same comment HEW gave to our second recommendation.)

We do not believe this comment is responsive to our recommendation. Reimbursement problems identified in our report existed because of (1) inadequate instruction to district offices on computer capabilities, (2) lack of coordination between district offices and welfare agencies, and (3) poor execution of required procedures (see pp. 10 to 15). However, there are probably other reasons why reimbursement was not achieved, and a further study of SSA district office processing problems is needed. The recommendations in our report would provide district offices with the means of identifying these problems, and if needed, require them to work with the welfare agencies to achieve solutions.

Regarding our sixth recommendation that award notice processing should be revised to assure that on IAR cases, the welfare agencies receive the notice concurrent with the first SSI check, HEW commented that with the redesign of the award and denial notices, every effort will be made to assure the shortest possible lag between check and notice receipt.

During our audit, we made every effort to determine whether the redesign would result in IAR notices being issued early to the welfare agencies. In information supplied to us, the only mention of notice issuance was that the notice should be given priority in handling so that it is always received by the recipient no later than the payment.

We do not believe that the notices can be issued earlier without revising the award notice process. SSA officials have not been able to provide us with any information that such a revision was or is being considered. We believe a revision in State IAR notices processing is possible. Without it, the States will continue in some cases to violate either the 10-day limitation for forwarding the balance of the initial check or forwarding an incorrect amount to recipients.

Regarding our recommendation that the Secretary of HEW request authority from the Congress to experiment with alternate methods of providing interim assistance to SSI applicants which will more fully reimburse welfare agencies, HEW commented that (1) our proposed alternative would require the client to go to the welfare agency and the agency would have to notify SSA of the amount to pay which could result in interim assistance payments being less timely than if made directly by the State and (2) SSA is making major changes in the IAR system, and it believes the most prudent course of action is to implement the changes and evaluate them before considering alternatives requiring legislative authority.

We acknowledge that our alternative to the present IAR system would not be trouble free. This is why we recommend that an experiment be conducted using ours and other methods. We believe, however, that our method would require less interaction between SSA, the State, and the client, and consequently, less opportunity for errors. (See pp. 5 and 21.) Also, since SSA would be in control of obtaining reimbursement before the initial SSA check was sent, and the welfare agency would not be paying the client, there would be little or no opportunity for duplicate payments to be made or reimbursement to be missed.

Concerning the major changes to the IAR system which HEW says SSA is making, we would point out that SSA is not making any changes which would affect the problems identified in this report, other than those that we have recommended. As stated in our report, implementation of our recommendations should reduce program problems, but will not alter the complex nature of the present program. Consequently, we continue to believe alternate methods for providing interim assistance should be tried.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

JAN 11 1978

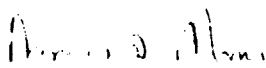
Mr. Gregory J. Ahart
Director, Human Resources
Division
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

The Secretary asked that I respond to your request for our comments on your draft report entitled, "Improvements Are Needed to Fully Reimburse States for Interim Assistance Provided to Supplemental Security Income Recipients." The enclosed comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

We appreciate the opportunity to comment on this draft report before its publication.

Sincerely yours,


Thomas D. Morris
Inspector General

Enclosure

COMMENTS OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE ON THE
GENERAL ACCOUNTING OFFICE DRAFT REPORT ENTITLED, "IMPROVEMENTS ARE
NEEDED TO FULLY REIMBURSE STATES FOR INTERIM ASSISTANCE PROVIDED TO
SUPPLEMENTAL SECURITY INCOME RECIPIENTS"

After gathering operating experience in managing the cooperative Federal/State Interim Assistance Reimbursement program, the Social Security Administration has determined that while the current system is quite simple, it does not offer the full scope of protections and accountability needed to meet the requirements of the program. This was further pointed up as a result of an HEW Audit Agency review, and the IAR process is now being totally revamped. Because the notice process is critical to effectuation of the revised system and because an expanded and revised SSI notice program will be implemented in April 1978, the revised IAR system will become operational in concert with the notice implementation date.

GAO Recommendations

That the Secretary of HEW direct the Commissioner of Social Security to:

- instruct district offices on the importance of inputting authorizations in all cases for which payments have not yet been made, and advise offices of increased computer capability for accepting input on IAR cases;
- establish processing controls in the district offices which enable the district offices to determine whether authorizations have been received, and if received, input into the system;
- increase system capability so that district offices may make on line queries to determine whether authorizations have been recorded;
- provide data to local welfare agencies on the authorizations accepted by SSA's central computer so that the local agency can determine whether all authorizations have been recorded;
- direct district offices to use increased visibility provided under these recommendations to identify reasons why authorizations are not input into the system, and to coordinate with local welfare agencies to assure that appropriate corrective action is taken;
- revise award notice processing to assure that on IAR cases, the local welfare agencies receive the notice concurrent with the first SSI check.

Department Comment

Concerning the first and third recommendations, SSA will revise its instructions to district offices in order to update and clarify all aspects of district office procedures. The importance of earliest possible association of IAR authorizations and the corresponding initial SSI/SS claim, as well as earliest possible transmission of IAR data to the central system will be underscored, as will the importance of central recordation of IAR data in denied cases. Further, the district offices will be reminded of the addition of IAR data to the online data base.

With regard to the second and fifth recommendations, our regional offices will be instructed to strengthen district office training and management controls. We will look into the feasibility of requiring district office input of IAR data whenever an IAR authorization is received, so that 100 percent of the authorizations received by the district offices may be accounted for centrally. The authorizations would continue being returned to the originating office when received after a first SSI/SS payment is computed and authorized.

In connection with the fourth recommendation, we are studying new or improved procedures for notifying State and local agencies of the status of IAR authorizations via regional or district offices.

Concerning the sixth recommendation, the State IAR notices and accounting process is being revised in concert with redesign of the SSI notices process. The changes are scheduled for implementation in April 1978 and will assure that a notice is issued to State and county agencies in all initial denial cases, all initial award cases, and where reimbursement is not effected because retroactive SSI/SS eligibility is not established. Redesign of the notices process will not guarantee simultaneous receipt of checks and notices, although every effort is being made and will continue to be made to assure the shortest possible lag between check and notice receipt.

GAO Recommendation

That the Secretary of HEW request authority from the Congress to experiment with alternate methods of providing interim assistance to SSI applicants which will more fully reimburse welfare agencies.

Department Comment

We agree with GAO that many of the complexities of the IAR program result from its design. Having recognized that shortcoming, we have changed that design with some communication aspects already implemented and the remainder to be implemented in April 1978. As the report notes, any procedure which

makes two agencies--SSA and the welfare agency--responsible for making payments to SSI applicants covering the same period is complex. The GAO-proposed alternative would have SSA make interim assistance payments to the client, eliminating the welfare agency from the payment process. But the procedure would require the client to go to the welfare agency and then for the welfare agency to notify SSA of the amount to pay. This could result in the interim assistance payment being less timely than if made directly by the State.

As mentioned earlier, SSA is in the process of making major changes in the IAR system. We believe that the most prudent course of action is to first complete implementation of those changes and evaluate their effectiveness before considering alternate methods of providing interim assistance that would require legislative authority.

Other Matters Discussed in the Draft Report

Pages 7 and 7a

The first paragraph, page 7, reads:

"When the district office receives an authorization, it should initiate input to SSA's computer system through a terminal at the district office. However, input of the authorization by the district office will not be accepted by the computer until the district office has established a record of the client's SSI application in the computer system. Therefore, in addition to problems associated with assuring that the authorization is input into the computer, there is also the problem of timing the input so that it is entered after the SSI application has been recorded in the system but before the check is issued."

This paragraph and related portions of the report should be corrected to indicate that transmission of IAR data to the central system can be accomplished when other, critical data are transmitted to the central system (by 450S input) to establish the initial claims record. IAR data may be transmitted after the initial claims record is established. The district office is alerted to late receipt of IAR data where such are processed after first SSI/SS payment is computed/authorized.

Pages 12 and 17

We do not agree that district offices do not have the means of determining whether an IAR authorization has been received and input (page 12 of the report), nor do we believe that lack of specific IAR data online should result in district offices having "difficulty in identifying cases which have not been properly processed by the computer system" (page 17). First, the district office should return to the originating State or county office any IAR authorizations received in cases in which payment has been made. In other situations the district office should be able to determine whether timely or accurate IAR input has been accomplished by reviewing the documentation in the initial claims file or querying the online data base for payment history. That is, the hard copy of the initial claims input form, combined with the presence or absence of edit/alert messages (one of which corresponds to input of invalid State or county code, another corresponds to receipt of IAR data after an SSI payment) should indicate whether IAR data were timely recorded on the Supplemental Security Record. Payment history data should indicate whether IAR was effectuated as an adjunct of a determination of eligibility for SSI payment.

Notwithstanding the foregoing, the IAR status code was added to the online data base on May 16, 1977, and district offices were notified accordingly. The addition of the State/county code of reimbursement to the online data base is being considered. This will enable district and branch offices to obtain this information almost immediately by means of a simple query. Alternative procedures for informing State/county agencies of pending cases with IAR involvement are under consideration. It should be noted, however, that without 100 percent exchange on interim assistance status at the time of filing an SSI application, the "problem" cases will remain unidentified by SSA.

Pages 15 and 19

The report indicates authorizations for reimbursement were not processed by Los Angeles County in approximately 26-27 percent of the cases. Also, that SSA can be held jointly responsible for failure to notify the agency of cases in which receipt of State or county assistance is reported and IAR authorizations have not been received. We do not agree that SSA should be held responsible for State or county failure to process IAR authorizations, where appropriate. In the first place, not all assistance payments are reimbursable by SSA. Secondly, payment of "interim" assistance, which may be reimbursed, presupposes that the certifying agency is developing and processing the authorization for reimbursement. Lastly, a high rate of county omissions does not justify SSA's adopting a notification procedure which would have the effect of lengthening the SSI initial claims processing time in all cases involving some type of State or county assistance.

Page 30

The second and third paragraphs, page 30, appear to be inconsistent. The second paragraph indicates that GAO's study of check and notice processing times shows little change from that reported in the Secretary's report to the Congress. The next paragraph states "there is evidence of improvement" in the transmission of award notices.

The last sentence of the second paragraph, page 30, states: "Furthermore, while other notice problems are being addressed, as indicated in the IAR report, as part of a total review of SSA's notice generation system, timely receipt of notices by welfare agencies is not." The statement is unclear and, therefore, misleading. IAR notices to recipients are being improved in terms of content and issuance in conjunction with the redesign of the SSI notices system. IAR notices to State and county agencies also are being improved in terms of content and issuance, in connection with redesign of both the SSI notices systems and the State IAR accounting process. These are scheduled for implementation in April 1978.

PRINCIPAL HEW OFFICIALS
RESPONSIBLE FOR ADMINISTERING ACTIVITIES
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF HEALTH, EDUCATION, AND WELFARE:		
Joseph A. Califano, Jr.	Jan. 1977	Present
David Mathews	Aug. 1975	Jan. 1977
Caspar W. Weinberger	Feb. 1973	Aug. 1975
COMMISSIONER OF SOCIAL SECURITY:		
Don I. Wortman (acting)	Dec. 1977	Present
James B. Cardwell	Sept. 1973	Dec. 1977